

Omnis Managed Portfolio Service



Geopolitical tensions, cautious central banks and resilient equity markets have created a complex backdrop

Market-moving events

Middle East tensions persist. A ceasefire is in place, but the Strait of Hormuz remains closed, keeping upward pressures on the prices of oil, gas and key raw materials used in fertiliser, metals and semiconductor production. These supply constraints are likely to persist and could continue to influence markets in the months ahead.

Central banks hold steady. Economic data was mixed and uncertainty remains high. Major central banks left rates unchanged while highlighting inflation risks. The Bank of England outlined scenarios suggesting further rate hikes this year, followed by cuts later in the cycle, underscoring the difficult policy trade-off.

Equities diverge. Despite elevated oil prices, equities rallied over the month, led by the US as earnings came into focus. Mega-cap technology results beat expectations, though market reactions were mixed, with Meta in particular falling after raising capital expenditure guidance.

Investment highlights

Increased short-dated bonds. During the month, we reduced exposure to both UK and European equities, removing our tactical overweight in both regions. We added exposure to short-dated bonds as a further defensive tilt, with a view to protecting investor capital from any future equity market volatility.

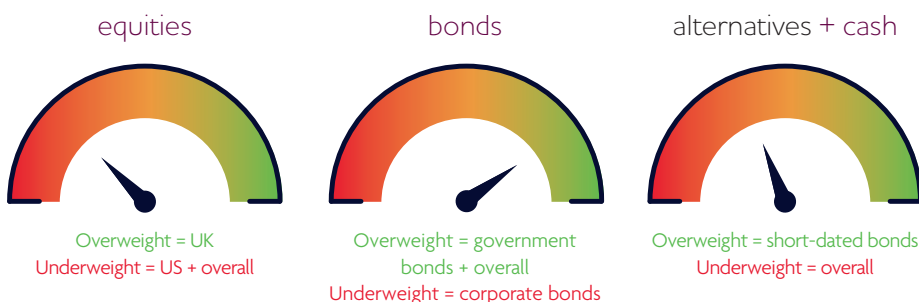
Tactical positioning detracted over the month. Our underweight exposure to global equities, particularly the US market, had a negative impact relative to the Strategic Asset Allocation. Markets rallied strongly as investors priced in a short conflict in the Middle East and continued resilience in corporate earnings.

Remain cautiously positioned. Portfolios remain modestly underweight equities, with a particular focus on US equities, and overweight bonds. This reflects ongoing concerns around elevated equity valuations and the risk that any escalation in the Middle East could begin to weigh on economic growth.

Asset allocation

Red = underweight
Amber = neutral weighting
Green = overweight

If you'd like more detail on our asset allocation views then please visit our online dashboard.



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